

Message Text

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EXDIS HANDLE AS NODIS

FOR ENDERS (EB) LEWIS (S/P) AND SCHWEBEL (L)

FROM LORD AND RODMAN

E.O. 11652: GDS

TAGS: PFOR, ENG, UNGA

SUBJECT: SECRETARY'S UNGA SPEECH: ECONOMIC GROWTH SECTION

HEREWITH ACCELERATING ECONOMIC GROWTH SECTION FOR YOUR
CONSIDERATION. PLEASE TRY TO TIGHTEN, ADD LIFT, AND
RESPOND TO SECRETARY'S QUERIES.

BEGIN TEXT. ACCELERATING ECONOMIC GROWTH

1. IT IS NOT ENOUGH TO ENSURE THE MINIMAL ECONOMIC
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SECURITY OF THE DEVELOPING COUNTRIES. THE ROAD OF
DEVELOPMENT IS THE ROAD OF ACCELERATING GROWTH,
GREATER PRODUCTIVITY, HIGHER LIVING STANDARDS, AND
SOCIAL TRANSFORMATION.

2. THIS PROCESS REQUIRES THE INFUSION OF CAPITAL, TECHNOLOGY, AND SKILLS ON A MASSIVE SCALE. LOCAL EFFORT WILL HAVE TO PROVIDE MOST OF THE RESOURCES, THE ORGANIZATION, AND THE DEDICATION. BUT INTERNATIONAL SUPPORT IS INDISPENSIBLE. FOR EVEN A MODERATE ACCELERATION OF RECENT GROWTH RATES, DEVELOPING COUNTRIES WILL NEED SOME \$40 BILLION A YEAR IN OUTSIDE CAPITAL BY 1980. AND THE NEED FOR TECHNOLOGICAL INNOVATION, THOUGH IMPOSSIBLE TO QUANTIFY IS SIMILARLY GREAT.

3. HOW CAN THESE NEEDS FOR CAPITAL, TECHNOLOGY -- AND THE SKILLS TO APPLY THEM -- BE MET?

4. GOVERNMENTAL CONCESSIONAL ASSISTANCE FROM THE RICHER COUNTRIES IS ONE IMPORTANT SOURCE. THE INDUSTRIAL COUNTRIES TOGETHER NOW PROVIDE SOME \$(BLANK) BILLION IN BILATERAL AID. (FILL IN THE BLANK.) THIS MUST CONTINUE, BUT REALISTICALLY WE CANNOT EXPECT IT TO GROW SIGNIFICANTLY OVER THE COMING YEARS. THE LIMITED CONCESSIONAL FUNDS AVAILABLE WILL BE LARGELY ABSORBED BY THE NEEDS OF THE POOREST COUNTRIES. SUPPORT FOR BILATERAL AID HAS ERODED IN BOTH INDUSTRIAL AND DEVELOPING COUNTRIES -- IN INDUSTRIAL COUNTRIES PARTLY BECAUSE OF THE RECENT ECONOMIC SLOWDOWN PARTLY INDUCED BY THE ENERGY PROBLEM. CLEARLY, THERE CANNOT BE ACCELERATED GROWTH IN THE DEVELOPING NATIONS EXCEPT IN A CLIMATE OF WORLDWIDE ECONOMIC EXPANSION.

5. A PARTICULAR NEW BURDEN ON GROWTH IN DEVELOPING COUNTRIES IS THE RISE IN THE COST OF FUEL, WHICH IS THE MOST CRITICAL FACTOR IN INDUSTRIAL AND AGRICULTURAL PRODUCTIVITY. THIS HAS MEANT HIGH COSTS IN TRANSPORTATION, ELECTRIC POWER, AND ENERGY-INTNSIVE MANUFACTURED GOODS. AND THE MOST SEVERE IMPACT IS ON AGRICULTURE, WHERE IT MEANS MUCH HIGHER FERTILIZER PRICES AND SLOWER MECHANIZATION.

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THE WORLD BANK HAS ESTIMATED THAT FOR EACH \$1 INCREASE IN THE PRICE OF OIL, THE COST OF THE ENERGY NEEDS OF DEVELOPING COUNTRIES INCREASED BY \$(BLANK) BILLION. (FILL IN THE BLANK). THEREFORE THERE MUST BE RESTRAINT AND A FURTHER MORATORIUM ON NEW OIL PRICE RISES. AND SOME PORTION OF NEEDED AID TO DEVELOPING COUNTRIES SHOULD COME FROM THE OIL EXPORTERS THEMSELVES. LAST YEAR THEY PROVIDED \$3BILLION IN BILATERAL ASSISTANCE; THE FIGURE MAY RISE THIS YEAR.

6. NEVERTHELESS, EVEN TOGETHER, THE INDUSTRIAL NATIONS AND THE OIL EXPORTERS CANNOT SUPPLY ALL THE NEW FUNDS THAT ARE NEEDED TO ACCELERATE GROWTH THROUGHOUT THE

DEVELOPING WORLD. IT FOLLOWS INESCAPABLY THAT THE REMAINING NEEDS FOR CAPITAL AND TECHNOLOGY CAN ONLY BE MET, DIRECTLY OR INDIRECTLY, THROUGH PRIVATE COMMERCIAL CHANNELS, AND THIS INVESTMENT WILL TAKE PLACE ONLY IF IT IS IN THE INTERESTS OF BOTH DEVELOPING AND DEVELOPED COUNTRIES.

7. THE UNITED STATES URGES, THEREFORE, THAT THE WORLD COMMUNITY TAKE NEW STEPS TO INCREASE THE AVAILABILITY AND QUALITY OF NEEDED CAPITAL FOR DEVELOPMENT, ON A LARGE SCALE:

-- FIRST, WE MUST IMPROVE DEVELOPING COUNTRIES' ACCESS TO INTERNATIONAL CAPITAL INSTITUTIONS AND MARKETS.

-- SECONDLY, WE MUST ENABLE THEM TO OBTAIN NEW TECHNOLOGY AND ADAPT IT TO THEIR NEEDS, TO BUILD A BASE FOR INDUSTRIALIZATION OR TO IMPROVE AGRICULTURAL PRODUCTIVITY.

-- THIRDLY, WE MUST NOW ACHIEVE AN INTERNATIONAL CONSENSUS ON THE PRINCIPLES BY WHICH MULTINATIONAL ENTERPRISES CAN OPERATE PRODUCTIVELY, IN THE INTEREST OF THE HOST COUNTRY AND IN THE INTEREST OF THE GLOBAL ECONOMY.

8. FIRST, ACCESS TO CAPITAL MARKETS.

9. MOST OF THE CAPITAL FOR DEVELOPMENT MUST COME FROM CONFIDENTIAL

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THE DEVELOPED WORLD. THE WORLD BANK AND THE REGIONAL DEVELOPMENT BANKS ALREADY BORROW EXTENSIVELY IN PRIVATE CAPITAL MARKETS TO LEND TO THEIR CLIENTS. THE UNITED STATES SUPPORTS THE CONTINUED EXPANSION OF THE WORLD BANK AND REGIONAL DEVELOPMENT BANK PROGRAMS. WE ARE HEARTENED THAT TEN EUROPEAN COUNTRIES PLUS JAPAN AND ISRAEL WILL JOIN US SHORTLY IN A \$6 BILLION EXPANSION OF THE RESOURCES OF THE INTER-AMERICAN DEVELOPMENT BANK. WE WILL PROPOSE TO THE CONGRESS A SUBSTANTIAL CONTRIBUTION TO REPLENISHMENT OF THE ASIAN BANK, AND WE ARE URGING CONGRESSIONAL AUTHORIZATION TO JOIN THE AFRICAN DEVELOPMENT BANK.

10. BUT A MOST FRUITFUL COURSE WILL BE TO ENHANCE THE MORE DIRECT ACCESS OF DEVELOPING COUNTRIES TO PRIVATE CAPITAL MARKETS.

11. UP TO NOW, DEVELOPING COUNTRIES HAVE SUCCESSFULLY RAISED DIRECTLY CLOSE TO \$10 BILLION ANNUALLY IN INTERNATIONAL MARKETS. THOSE THAT ARE MOST SUCCESSFUL IN THEIR DEVELOPMENT EFFORTS AND THAT NO LONGER REQUIRE CONCESSIONAL AID, ESPECIALLY IN ASIA AND LATIN AMERICA,

RELY HEAVILY ON THIS SOURCE OF FUNDS. BUT THEIR FUTURE ACCESS IS NOT ASSURED. THEY TEND TO BE RESIDUAL BORROWERS, LAST IN AND FIRST OUT; THEY SUFFER MOST FROM SHORTAGES OF LOAN FUNDS; THE CONDITIONS OF LENDING OFTEN MAKE IT FCCHSJ

12. THE BASIC DIMENSIONS OF CREDITWORTHINESS -- THE ABILITY OF A DEVELOPING COUNTRY TO USE CAPITAL PRODUCTIVELY -- CANNOT BE INFLUENCED FROM OUTSIDE. BUT WE CAN AND MUST MAKE SURE THAT THE CAPITAL MARKETS RESPOND READILY TO THE OPPORTUNITIES OFFERED FOR PRODUCTIVE INVESTMENT.

13. THE UNITED STATES THEREFORE PROPOSES THE CREATION ON AN INTERNATIONAL INVESTMENT TRUST, TO BE MANAGED BY THE INTERNATIONAL FINANCE CORPORATION.
-- THE TRUST WOULD INVEST IN THE DEBT AND EQUITY OF THE NATIONAL AND INTERNATIONAL DEVELOPMENT BANKS AND THE PRIVATE, PUBLIC AND MIXED ENTERPRISES OF DEVELOPING COUNTRIES.

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ANVLFROM THE IFC, THE INDUSTRIAL COUNTRIES, THE OIL EXPORTING COUNTRIES, THE DEVELOPING COUNTRIES THEMSELVES, AND FROM PRIVATE PARTICIPATIONS BORROWED AGAINST ITS OFFICIAL CAPITAL.
--FIRST YEAR OFFICIAL CAPITAL, INCLUDING THE CONTRIBUTION OF THE IFC, WOULD BE \$250 MILLION. (SOUNDS SO PIDDLING, ISN'T IT BETTER NOT TO MENTION IT?) IF IT SUCCEEDS IN ITS FIRST YEAR, THE UNITES STATES WOULD FAVOR ITS RAPID EXPANSION AND WOULD BE PREAPRED TO SEEK SUBSTANTIAL NEW CAPITAL SUBSCRIPTIONS.

14. THIS NEW INSTITUTION WOULD BE A NEW AND POWERFUL LINK BETWEEN THE DEVEOPING COUNTRIES AND THE CAPITAL MARKETS ON WHICH THEIR GROWTH DEPENDS. (QUERY: HOW? WHY IS IT MORE "DIRECT" THAN THE BANKS?)

15. THE DEVEOPMENT COMMITTEE OF THE IMF IS EXPLORING WAYS TO ENANCE THE DEVELOPING COUNTRIES* OPPORTUNITIES TO COMPETE MORE EFFECTIVELY DIRECTLY IN THE PRIVATE CAPITAL MARKETS. THE UNITED STATES STRONGLY ADVOCATES FURTHER PROGRESS IN THIS AREA. (EXPLAIN.)

16. A SECOND KEY TO LONG TERM GROWTH IS NEW TECHNOLOGY. FOR DEVEOOPMENT REQUIRES NOT ONLY NEW FUNDS BUT NEW TECHNIQUES OF PRODUCTION, IN BOTH INDUSTRY AND AGRICULTURE. DEVELOPING COUNTRIES' NEEDS FOR NEW TECHNOLOGY ARE UNLIMITED. YET THE INSTRUMENTS FOR ITS TRANSFER ARE LIMITED, AND SELDOM AT THE SOLE COMMAND OF NATIONAL GOVERNMENTS. NEW MEANS MUST BE DEvised. IN OUR VIEW THE FOLLOWING AREAS ARE MOST PROMISING FOR PROGRESS: (NOTE: LE OFFER ONLY AGRICULTURE AND ENERGY.

THERE SHOULD BE ONE PROPOSAL FOR GENERAL TECHNOLOGICAL HELP.)

17. FIRST, NEW TECHNIQUES TO EXPAND FOOD PRODUCTION AND IMPROVE NUTRITION. A NUMBER OF REGIONAL RESEARCH CENTERS HAVE BEEN ESTABLISHED UNDER THE CONSULTATIVE GROUP FOR INTERNATIONAL AGRICULTURAL RESEARCH. WE URGE EXPANDING THEIR PROGRAMS, IN COLLABORATION WITH NATIONAL RESEARCH INSTITUTIONS, ON TRAINING ATTGCMEA0-DEEBLQZITECHNIQUES TO LOCAL CLIMATE,
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SOIL, AND AVAILABILITY OF RESOURCES. (QUERY: I THIS TECHNOLOGY TRANSFER?) LET US BUILD THESE CENTERS INTO A COMPLETE INTERNATIONAL NETWORK FOR BASIC AND APPLIED RESEARCH AND BRING ABOUT A WORLDWIDE REVOLUTION IN FARM TECHNOLOGY. ALREADY SOME \$POLE AND \$(BLANK) MILLION ARE INVOLVED. OVER THE NEXT DECADE WE SHOULD BRING THIS TO (BLANK) PEOPLE AND \$(BLANK) MILLION. THE UNITED STATES IS ALREADY PROVIDING PERSONNEL AND RESOURCES FOR ONE (BLANK) OF THIS EFFORT. WE WILL CONTINUE TO PROVIDE A MAJOR CONTRIBUTION. (NILL IN THE BLANKS -- IF THE SUMS ARE SIGNIFICANT.)

18. OTHER AGRICULTURAL AND FORESTRY PRODUCTS ARE ANOTHER FIELD FOR TECHNOLOGICAL IMPROVEMENT. THE EXPORT EARNINGS OF MANY OF THE POOREST COUNTRIES, AND THE LIVELIHOOD OF MANY MILLIONS OF THEIR PEOPLE, DEPEND ON SUCH PRODUCTS AS JUTEHMAN COTTON, AND NATURAL RUBBER, WHICH HAVE ENCOUNTERED SERIOUS MARKET PROBLEMS AND ARE THREATENED BY SYNTHETICS. THESE COUNTRIES URGENTLY NEED TO IMPROVE THE PRODUCTIVITY AND MARKETABILITY OF THESE PRODUCTS AND TO DIVERSIFY THEIR ECONOMIES. THE UNITED STATES THEREFORE PROPOSES CREATION OF A CONSULTATIVE GROUP ON NON-EDIBLE AGRICULTURAL PRODUCTS TO COORDINATE INTERNATIONAL ASSISTANCE TO RESEARCH IN THIS AREA. WE PROPOSE THAT WITHIN A YEAR THERE BE (BLANK) PERSONNEL AND \$(BLANK) MILLION DEVOTED TO THIS PROJECT. (AGAIN, MENTION FIGURES ONLY IF SIGNIFICANT.) THE UNITED STATES WILL JOIN OTHERS IN STAFFING AND FUNDING THIS EFFORT.

19. A THIRD AREA FOR SPECIAL AND URGENT TECHNOLOGICAL NEED FOR MANY DEVELOPING COUNTRIES IS ENERGY -- A CENTRAL INGREDIENT IN BOTH THEIR INDUSTRIALIZATION AND AGRICULTURE. THE INDUSTRIAL NATIONS, IN RESPONSE TO THE OIL EMBARGO AND PRICE RISES OF 1973, HAVE MADE INVESTMENT IN NEW AND ALTERNATIVE ENERGY SOURCES A MAJOR NATIONAL PRIORITY. THE UNITED STATES HAS BEGUN TO EXPLORE OR EXPLOIT PRESENTLY INACCESSIBLE OR LOW-GRADE RESOURCES AND INCREASED USE OF SOLAR AND NUCLEAR ENERGY. NOW:

-- THE UNITED STATES IS PREPARED TO SHARE THESE NEW

TECHNOLOGIES WITH DEVELOPING NATIONS WHICH DESIRE OUR
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HELP AND ARE HARDEST HIT BY THE ENERGY CRISIS.

-- AN INTERNATIONAL ENERGY INSTITUTE, COMPRISED OF BOTH
DEVELOPED AND DEVELOPING NATIONS, COULD BE CREATED TO
COORDINATE ALL EFFORTS IN THE TRANSFER OF ENERGY
TECHNOLOGY. ALTERNATIVELY, A NETWORK OF REGIONAL
ENERGY TECHNOLOGY CENTERS COULD BE ESTABLISHED TO
IDENTIFY AND ADAPT THE NEW ENERGY TECHNOLOGY MOST
NEEDED IN EACH AREA. (EXPLAIN MORE.)

-- THE TRANSFER OF ENERGY TECHNOLOGY TO NEEDY COUNTRIES
SHOULD BE ON THE AGENDA OF THE FORTHCOMING DIALOUGE
BETWEEN CONSUMERS, PRODUCERS, AND DEVELOPING COUNTRIES.
(NOTE TO ENDERS: IS THERE A DANGER THAT ALL OF THIS WILL
SOUND TOO STATUS QIO WHEN WE ARE FINISHED?)

20. IF WE ARE TO POUR IN NEW FUNDS AND NEW TECHNOLOGY,
AND IF PRIVATE SOURCES OF CAPITAL AND SKILLS ARE
ESSENTIAL TO SUPPLEMENT OFFICIAL ASSISTANCE, THEN IT
IS TIME TO ESTABLISH A STABLE AND ACCEPTED ENVIRONMENT
FOR PRIVATE TRANSNATIONAL ENTERPRISES.

21. THE ROLE OF MULTINATIONAL ENTERPRISES IN THE
EXLANSION OF THE GLOBAL ECONOMY IN THE LAST THIRTY
YEARS IS UNMISTAKABLE, UNIQUE, AND IRREPLACEABLE.
THEY HAVE PROVEN THEMSELVES A POWERFUL INSTRUMENT OF
MODERNIZATION BOTH IN THE INDUSTRIAL NATIONS --
WHERE THEY CONDUCT MOST OF THEIR OPERATIONS -- AND IN
THE DEVELOPING COUNTRIES, WHERE THERE IS OFTEN NO
SUBSTITUTE FOR THEIR ABILITY TO MARSHAL CAPITAL,
RESEARCH, NEW TECHNOLOGY, MANAGEMENT SKILLS, AND
INITIATIVE. THUS THE CONTROVERSY OVER THEIR ROLE AND
CONDUCT IS ITSELF AN OBSTACLE TO ECONOMIC DEVELOPMENT.
IT IS TIME TO FACE UP TO THE PROBLEMS, REAL AND
PERCEIVED, THAT HAVE DEVELOPED.

22. WILL WE SOLVE THESE PROBLEMS BY RHETORIC, OR BY
RESPONDING TO REALITY? WILL WE SOLVE THEM BY IDEOLOGY
AND DOCTRINE, OR BY RECOGNIZING THAT DENYING OR
DESTROYING ONE OF THE WORLD'S PRINCIPAL SOURCES OF
DEVELOPMENT CAPITAL IS ABSURDLY SELF-DEFEATING? IF
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THE WORLD COMMUNITY IS UNABLE TO ACHIEVE A CONSENSUS
ON THE PROPER CONDITIONS OF CORPORATE ENTERPRISE, IT
IS NOT THE INDUSTRIALIZED COUNTRIES THAT WILL SUFFER
MOST. LET US MAKE THIS ISSUE A TEST OF OUR CAPACITY

TO ACCOMMODATE MUTUAL CONCERNS IN PRACITICAL AGREEMENT.

23. FOR OUR PART, THE UNITED STATES IS PREPARED TO MEET THE PROPER CONCERNS OF GOVERNMENTS IN WHOSE TERRITORIES TRANSNATIONAL ENTERPRISES OPERATE. WE AFFIRM THAT COMPANIES MUST ACT IN FULL ACCORDANCE WITH THE SOVEREIGN RIGHTS, AND TAKE FULL ACCOUNT OF THE PUBLIC POLICY, OF HOST GOVERNMENTS. IT IS OBVIOUS THAT COUNTRIES ARE ENTITLED TO ENACT REGULATIONS GOVERNING THE OPERATIONS OF MULTNATIONAL ENTERPRISES WITHIN THEIR BORDERS.

24. FOR THEIR PART, GOVERNMENTS THAT WISH THE BENEFITS OF THESE ENTRPRISES MUST FOSTER THE CONDITIONS THAT ATTRACT AND MAINTAIN THEM.

25. THE UNITED STATES BELIEVES THAT THE TIME HAS COME

FOR THE INTERNATIONAL COMMUNITY TO ARTICULATE STANDARDS OF CONDUCT FOR BOTH ENTERPRISES AND GOVERNMENTS.

THESE SHOULD APPLY TO TRANSNATIONAL ENTERPRISES IN THEIR RELATIONS WITH GOVERNMENTS, AND TO GOVERNMENTS IN THEIR RELATIONS WITH TRANSNATIONAL ENTERPRISES AND WITH OTHER GOVERNMENTS. THE UNITED STATES WILL WORK WITHIN THE U.N. COMMISSION ON TRANSNATIONAL ENTREPRISES AND OTHER INTERNATIONAL BODIES TO EXCHANGE INFORMATIIN AND TO HELP DEVELOP A BODY OF BALANCED PRINCIPLES TO GUIDE ENTERPRISES AND GOVERNMENTS IN THEIR MUTUAL RELATIONS.

IN OUR VIEW:

-- FIRST, A STATEMENT OF PRINCIPLES WHICH FAILS TO REFLECT FAIRLY THE INTERESTS OF ALL PARTIES -- HOST COUNTRIES, HOME COUNTRIES, AND ENTERPRISES -- WOULD EXACERBATE RATHER THAN MODERATE THE FRICTIONS WHICH HAVE POISONED THE ENVIRONMENT FOR INTERNATIONAL CONFIDENTIAL

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INVESTMENT. GUIDELINES MUST BE FOUNDED ON OBJECTIVE CONDITIONS, INTERNATIONAL LAW, AND THE PRINCIPLE OF COOPERATION -- OR ELSE THEY WILL NOT BE ACCEPTED.

-- SPECIFICALLY, AGREED GUIDELINES OUGHT TO REQUIRE TRANSNATIONAL ENTERPRISES TO OBEY LOCAL LAW, TO REFRAIN FROM INTERVENING IN THE DOMESTIC AFFAIRS OF THE HOST STATE, TO TAKE ACCOUNT OF NATIONAL DEVELOPMENT PRIORITIES, TO RESPECT LOCAL CULTURE, AND TO EMPLOY QUALIFIED LOCAL PERSONNEL OR TO QUALIFY PERSONNEL THROUGH TRAINING. VENALITY AND CORRUPTION CAN NO LONGER BE TOLERATED -- BY THE HOST COUNTRY, BY THE ENTERPRISES THEMSELVES OR BY THE COUNTRY IN WHICH THE

ENTERPRISES ARE BASED.

-- HOST COUNTRIES IN TURN OUGHT TO TREAT MULTINATIONAL COMPANIES EQUITABLY, WITHOUT DISCRIMINATION AMONG THEM, AND IN ACCORDANCE WITH INTERNATIONAL LAW. HOST GOVERNMENTS AND COMPANIES EQUALLY SHOULD OBSERVE THE CONTRACTS INTO WHICH THEY FREELY ENTER. HOST GOVERNMENTS SHOULD CLEARLY SET FORTH THE DEVELOPMENT PRIORITIES AND STANDARDS WHICH MULTINATIONAL COMPANIES ARE EXPECTED TO MEET, AND MAINTAIN THEM WITH REASONABLE CONSISTENCY.

-- THE SAME PRINCIPLES OF CONDUCT SHOULD APPLY EQUALLY TO DOMESTIC ENTERPRISES THAT ARE SIMILARLY SITUATED. DISCRIMINATION IN FAVOR OF THE DOMESTIC COMPETITORS OF MULTINATIONAL COMPANIES IS NEITHER EQUITABLE NOR CONDUCTIVE TO FOREIGN INVESTMENT. NOR CAN PRINCIPLES BE ADDRESSED ONLY TO PRIVATELY-OWNED MULTINATIONAL ENTERPRISE. STATE-OWNED AND MIXED MULTINATIONAL ENTERPRISES, WHICH ARE INCREASINGLY IMPORTANT IN THE WORLD ECONOMY, SHOULD BE HELD TO THE SAME STANDARDS AS THOSE THAT ARE PRIVATELY OWNED.

26. BUT A STATEMENT OF PRINCIPLES IS NOT THE ONLY, NOR NECESSARILY THE BEST, MEANS OF RESOLVING MANY OF THE PROBLEMS AFFECTING TRANSNATIONAL ENTERPRISES. THE UNITED STATES IS PREPARED FOR DISCUSSION OF OTHER PROPOSALS., FOR EXAMPLE:
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-- THE PROVISION OF INSURANCE TO FOREIGN PRIVATE INVESTORS. OUR BILATERAL GOVERNMENT-TO-GOVERNMENT INSURANCE PROGRAM HAS WORKED WELL AND ENCOURAGED INVESTMENT. IT COULD BE MULTILATERALIZED TO INCLUDE FINANCIAL PARTICIPATION, HOWEVER MODEST, FROM DEVELOPING COUNTRIES, TO REFLECT OUR MUTUAL STAKE.

-- ARBITRATION PROCEDURES SHOULD BE FURTHER DEVELOPED. THE WORLD BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES, AND OTHER THIRD-PARTY FACILITIES, SHOULD BE STRENGTHENED.

-- FINALLY, INTERGOVERNMENTAL CONSULTATIONS SHOULD BE FURTHER DEVELOPED, BILATERALLY AND INTERNATIONALLY, TO IDENTIFY AND RESOLVE DISPUTES BEFORE THEY BECOME POLITICAL IRRITANTS.

27. THE INTERNATIONAL EFFORT FOR ECONOMIC DEVELOPMENT CANNOT AFFORD TO TREAT TRANSNATIONAL ENTERPRISES AS OBJECTS OF ECONOMIC WARFARE. THE UNITED STATES BELIEVES THAT JUST SOLUTIONS ARE ACHIEVABLE. THE CAPACITY OF NATIONS TO DEAL WITH THESE COMPLEX PROBLEMS CONSTRUCTIVELY

WILL BE AN IMPORTANT TEST OF WHETHER THE SEARCH FOR
COMMON SOLUTIONS OR THE CLASH OF IDEOLOGIES WILL
DOMINATE OUR ECONOMIC FUTURE. THE IMPLICATIONS FOR
ECONOMIC DEVELOPMENT ARE PROFOUND.

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